



**San Gabriel Valley Water Company
Fontana Water Company Division**
(Dollars in Thousands)

FILED

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| | <u>TY 06-07</u> | <u>EY 07-08</u> | <u>EY 08-09</u> | <u>3 Years</u> |
|---|-----------------|-----------------|-----------------|--------------------|
| <u>Alternate Proposed Decision</u> | | | | |
| Present Rates | \$43,588.8 | | | |
| Adopted Rates | \$41,938.8 | \$44,646.8 | \$46,641.4 | |
| Increase | (\$1,650.0) | \$2,708.0 | \$1,994.6 | \$3,052.6 |
| % Increase | -3.8% | 6.5% | 4.5% | 7.0% |
| Gain on Sale Refunds | | | | <u>(\$719.1)</u> |
| SUBTOTAL Increase | | | | \$2,333.5 |
| % Increase | | | | 5.4% |
| <u>Advice Letter Revenues (1)</u> | | | | |
| Sandhill Upgrade @ \$23 million | | | | <u>\$5,000.0</u> |
| SUBTOTAL Increase | | | | \$7,333.5 |
| % Increase | | | | 16.8% |
| New Office Complex @ \$4.9 million | | | | <u>\$1,100.0</u> |
| SUBTOTAL Increase | | | | \$8,433.5 |
| % Increase | | | | 19.3% |
| <u>Facilities Fee Revenues (2)</u> | | | | |
| Exhibit 62A (DRA) | (\$645.8) | (\$1,926.5) | (\$3,176.9) | <u>(\$5,749.3)</u> |
| TOTAL 3-YEAR INCREASE | | | | \$2,684.2 |
| % Increase | | | | <u>6.2%</u> |

(1) In Paragraph 19 of its application, San Gabriel forecasted an estimated \$6.1 million in advice letter revenue increases based on capital costs of \$22 million (\$34 million - \$12 million) for Sandhill and \$6 million for the new Office Complex, and a 10.8% return on rate base. Using these same figures, the advice letter revenues can be updated as follows:

$$\$23 \text{ million} \times \$6.1 \text{ million} / \$28 \text{ million} = \$5.0 \text{ million}$$

$$\$4.9 \text{ million} \times \$6.1 \text{ million} / \$28 \text{ million} = \$1.1 \text{ million}$$

(2) Facilities Fee revenues are likely to be greater than shown because Exhibit 62A uses only a \$5,000 fee for all new connections while the APD would provide for higher fees for connections of 1" or greater.